

JOURNAL OF THE ASSEMBLY [November 19, 1981]

STATE OF WISCONSIN

Assembly Journal

Eighty-Fifth Regular Session

THURSDAY, November 19, 1981.

The chief clerk makes the following entries under the above date:

AMENDMENTS OFFERED

Assembly amendment 1 to **Assembly Bill 257** offered by Representatives Vanderperren, Hasenohrl and Kincaid.

Assembly substitute amendment 1 to **Assembly Bill 707** offered by committee on Revenue.

Assembly amendment 1 to **Assembly Bill 863** offered by Representative Roberts.

INTRODUCTION AND REFERENCE OF PROPOSALS

Read first time and referred:

Assembly Joint Resolution 81

Relating to requesting a legislative council study of the individual income tax forms.

By Representatives Swoboda, Menos, Andrea, Medinger, Fischer, Robinson, Potter, Duren and Tesmer, co-sponsored by Senators Frank, Roshell and Van Sistine, by request of Mr. Bill Benjamin, Kewaunee, WI.

To committee on Government Operations.

Assembly Bill 910

Relating to the periodic review and termination of property tax exemptions.

By committee on Revenue.

To committee on Revenue.

Assembly Bill 911

Relating to members of the board of veterans affairs.

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By Representatives Prosser, Menos, McEwen, Leopold, Alberts, Williams, Ladwig, Knox, Vanderperren, Donoghue, Matty and Panzer, co-sponsored by Senators Van Sistine, Frank and Offner.

To committee on Veterans and Military Affairs.

Assembly Bill 912

Relating to contracts for health care projects and granting rule-making authority.

By Representatives Loftus and Wagner.

To committee on Health and Human Services.

Assembly Bill 913

Relating to the definition of "exclusively" for purposes of certain sales and use tax exemptions.

By committee on Revenue.

To Joint Survey Committee on Tax Exemptions.

Assembly Bill 914

Relating to sales and use tax exemptions for livestock feed sold to feed lot operators.

By committee on Revenue.

To Joint Survey Committee on Tax Exemptions.

Assembly Bill 915

Relating to nuclear power plant decommissioning and high-level radioactive waste management funds and granting a tax exemption.

By Representatives Munts, Crawford, Flintrop, Lee, Norquist, Wood, Kirby, Metz, Smith, Miller, Jackamonis, Everson, Kunicki, Neubauer and Cogg, co-sponsored by Senator Strohl.

To Joint Survey Committee on Tax Exemptions.

Assembly Bill 916

Relating to plumbing work by certain property owners.

By Representatives Bradley, Conradt, Goodrich, DeLong and Schneiders.

To committee on Commerce and Consumer Affairs.

Assembly Bill 917

Relating to salary limitations for state officers in certain executive salary groups.

By Representatives Neubauer, Flintrop and Prosser.

To committee on Government Operations.

Assembly Bill 918

Relating to the authority of the public intervenor.

By Representatives DeLong, Thompson, Luckhardt, Porter and Hopkins.

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To committee on Environmental Resources.

Assembly Bill 919

Relating to reimbursement of counties providing registration services and affecting an appropriation.

By Representatives Roberts and Medinger, co-sponsored by Senator Offner.

To Joint Committee on Finance.

Assembly Bill 920

Relating to conversion and continuation options for group and individual health insurance policies.

By Representatives Munts, Potter, Becker, Goodrich and Otte, co-sponsored by Senators McCallum, Braun and Thompson, by request of the Commissioner of Insurance.

To committee on Health and Human Services.

Assembly Bill 921

Relating to allowing any village to provide police or fire protective services by creating its own protective services department, by contracting for protective services or by creating a joint department with another municipality and allowing the village to govern the department with a separate or a joint board of commissioners.

By Representatives Nelsen, Wood, Barczak, DeLong, Wagner and Young, co-sponsored by Senators Moody, Johnston, Van Sistine, Hanaway, Frank and Kreul.

To committee on Local Affairs.

Assembly Bill 922

Relating to use of the terms handicap and physical condition in certain laws prohibiting discrimination and expanding the prohibition against employment discrimination due to handicap.

By Representatives Munts, Becker, Behnke, Johnson, D. Travis, Andrea, Czarnecki, Otte, Flintrop and Coggs, co-sponsored by Senators Braun, George, Lorman, Thompson, Berger and Cullen.

To committee on Judiciary.

ADMINISTRATIVE RULES

Read and referred:

Assembly Clearinghouse Rule 81-147

Relating to applicants for licensure from other jurisdictions, disbursement of financial aids and written disclosure requirements.

Submitted by Department of Regulation and Licensing.

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To committee on Commerce and Consumer Affairs.
Referred on November 19, 1981.

Assembly Clearinghouse Rule 81-157

Relating to replacement of life insurance or annuity contracts and disclosure requirements.

Submitted by Office of the Commissioner of Insurance.

To committee on Insurance, Cooperatives and Risk Management.

Referred on November 19, 1981.

COMMITTEE REPORTS

The committee on Excise and Fees reports and recommends:

Assembly Bill 498

Relating to restrictions on certain fermented malt beverage and intoxicating liquor licensees' contributions to trade associations and the sale of fermented malt beverages by brewers and bottlers.

Adoption of assembly amendment 1:

Ayes: (9) Noes: (0)

Passage: Ayes: (8) Noes: (1)

To committee on Rules.

Assembly Bill 523

Relating to restrictions on the retail purchase of beer and providing a penalty.

Passage: Ayes: (7) Noes: (2)

To committee on Rules.

Assembly Bill 801

Relating to sanitary dispensing equipment for fermented malt beverages.

Adoption of assembly amendment 1:

Ayes: (9) Noes: (0)

Passage: Ayes: (9) Noes: (0)

To committee on Rules.

Assembly Bill 820

Relating to temporary operator's licenses for bartenders.

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Passage: Ayes: (9) Noes: (0)
To committee on Rules.

EUGENE DORFF
Chairperson

The committee on Health and Human Services reports and recommends:

Assembly Clearinghouse Rule 81-159
Relating to laboratory certification.

Rejection in part: Ayes: (8) Noes: (5)
To Joint Committee for Review of Administrative Rules.

DISMAS BECKER
Chairperson

The committee on Revenue reports and recommends:

Assembly Bill 707

Relating to the costs of reviews of municipal assessment practices.

Adoption of assembly substitute amendment 1:
Ayes: (8) Noes: (0)

Passage: Ayes: (8) Noes: (0)
To committee on Rules.

MARLIN SCHNEIDER
Chairperson

EXECUTIVE COMMUNICATIONS

State of Wisconsin
Office of the Governor
Madison

To the Honorable, the Assembly:

The following bills, originating in the assembly, have been approved, signed and deposited in the office of the Secretary of State:

Assembly Bill	Chapter No.	Date Approved
555 -----	62 -----	November 16, 1981
85 -----	63 -----	November 17, 1981
93 -----	64 -----	November 17, 1981
111 -----	65 -----	November 17, 1981
133 -----	66 -----	November 17, 1981

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166	67	November 17, 1981
282	68	November 17, 1981
353	69	November 17, 1981
368	70	November 17, 1981
570	71	November 17, 1981
17	76	November 19, 1981
19	77	November 19, 1981
25	78	November 19, 1981
300	79	November 19, 1981
309	80	November 19, 1981
369	81	November 19, 1981
489	82	November 19, 1981
669	83	November 19, 1981
675	84	November 19, 1981
703	85	November 19, 1981
800 (partial veto)	86	November 19, 1981

Respectfully submitted,
LEE SHERMAN DREYFUS
Governor

GOVERNOR'S VETO MESSAGE

November 19, 1981

To The Honorable, the Assembly:

I have signed **Assembly Bill 800** and deposited it with the Secretary of State. By bringing Wisconsin mining tax rates in line with other states, this bill will bring mining jobs to the economically distressed north while maintaining a strong commitment to protecting our environment and local communities from the impacts of mining. It reflects the careful work and compromise of environmentalists, mining interests, local governments and legislators. It is a tribute to all involved that we will be increasing jobs by allowing mining to proceed on an economically and environmentally sound basis.

I have exercised my partial veto authority to correct several technical problems.

Assembly Bill 800 creates a deduction under the net proceeds tax for royalties paid to individuals and corporations owning the mineral rights to lands on which mining is undertaken. The deduction is restricted to royalties paid to individuals or corporations having no

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ownership or equity interest in the taxpayer-mining company. The purpose of this limitation is to prevent firms from avoiding the net proceeds tax by shifting their mining profits to affiliates through royalty payments. The language, however, appears to bar a deduction for royalty payments made to parties only incidentally related to the mining company. For example, no deduction would be permitted for royalties paid by a mining company to a landowner from whom it leases mineral rights if the landowner holds just one share of that company's stock. Since this result was unintended, I have vetoed the wording relating to ownership or equity interests. Remedial legislation will be introduced to differentiate between an ownership interest held for purposes of control and that which is merely a passive investment.

Section 19 of Assembly Bill 800 authorizes mining companies to deduct interest expense incurred in connection with constructing, developing or operating a mine in Wisconsin. This deduction is restricted to interest paid on funds borrowed from unrelated corporations. Thus, interest costs incurred on loans from a parent firm or affiliated companies cannot be used to reduce gross proceeds. The intent of this limitation is to ensure that mining companies do not reduce their taxable net proceeds to unacceptably low levels through inflated interest charges paid on money that is not obtained in "arm length" transactions. There is a flaw in the draft language in that only interest paid to affiliates eligible to file a consolidated federal income tax return is disallowed. Under section 1504 of the Internal Revenue Code, foreign companies are specifically excluded from the definition of "affiliated" corporation and thus cannot file on a consolidated basis with U.S. firms. As a result, the bill indirectly authorizes mining companies to deduct interest expense attributable to related foreign corporations. Since this result is contrary to legislative and executive intent, I have vetoed the wording relating to filing a consolidated U.S. income tax return.

I have also vetoed the provision which sunsets the royalty deduction on July 1, 1987. When agreements are being negotiated, a stable set of ground rules should be in place on which all parties can rely. Of the five current deductions and nine new deductions added by Assembly Bill 800, only this deduction has been sunsetted. I believe it serves no positive purpose, while in fact creating uncertainty and potentially undermining the development of an environmentally and community conscious mining industry in northern Wisconsin. If the purpose of the sunset was to force the Legislature to consider a royalty tax on individuals in addition to the income tax, the sunset is

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unnecessary because such a tax could be considered at any time. Therefore, I have vetoed this sunset date.

LEE SHERMAN DREYFUS
Governor

COMMUNICATIONS

State of Wisconsin
Department of State
Madison

To Whom It May Concern:

Dear Sir: Acts, joint resolutions and resolutions, deposited in this office, have been numbered and published as follows:

Bill, Jt. Res. or Res.	Chapter No.	Publication date
Assembly Bill 36	59	November 18, 1981
Assembly Bill 472	60	November 18, 1981

VEL PHILLIPS
Secretary of State

November 10, 1981

Dear Mr. Speaker:

Will you kindly express to the Wisconsin House of Representatives the deep appreciation of Mrs. Douglas MacArthur for the Joint Resolution 26 commemorating the 100th anniversary of the birth of her late husband General of the Army Douglas MacArthur. To use her words, she is "thrilled by it."

The copies of the Resolution for Mrs. MacArthur and her son, Arthur MacArthur IV, are accepted on their behalf.

The directors of the MacArthur Memorial Foundation also recognize with gratitude this very splendid tribute by the State of Wisconsin to one of America's greatest heroes in war and statesmen in peace.

Sincerely,
NORMAN J. ANDERSON
Executive Director/Secretary
MacArthur Memorial Foundation